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LOTTERY DISTRIBUTORS NEED NOT PAY SERVICE TAX TO CENTRE

The Supreme Court dismissed pleas of the Centre and held service tax cannot be levied on promotion, marketing, or sale of lottery tickets

'NO SERVICE BEING RENDERED BY RESPONDENT'

A bench comprising Justices B V Nagarathna and N K Singh held, "At each stage, the amendments made to the Finance Act, 1994, in order to impose service tax on the sole distributor/purchaser of the lottery tickets have been unsuccessful... There being no service rendered by the respondents (lottery sellers in Sikkim) to Sikkim govt, hence service tax is not leviable"

'ONLY STATES CAN IMPOSE TAX ON LOTTERY'

- The Supreme Court upheld a recent Sikkim High Court order which had held that lottery comes within "betting and gambling" in Entry 62 of state list and only the state can impose any tax | **P9**
- The Centre said it was entitled to impose service tax since the activity was an auxiliary service under Section 65(19) of Finance Act, '94

2013

WHEN THE CENTRE MOVED SC ON A PLEA FILED BY FUTURE GAMING

CHENNAI • MADURAI • VIJAYAWADA • BENGALURU • KOCHI • HYDERABAD • VISAKHAPATNAM • COIMBATORE • KOZHIKODE • THIRUVANANTHAPURAM • BELAGAVI • BHUBANESWAR • SHIVAMOGGA • MANGALURU • TIRUPATI • TRICHY • TIRUNELVELI • SAMBALPUR • HUBBALLI • DHARMAPURI • KOTTAYAM • KANNUR • VILLUPURAM • KOLLAM • TADEPALLIGUDEM • NAGAPATTINAM • THRISSUR • KALABURAGI

7 banks cut lending rates to give you quick relief

BENN KOCHUVEEDAN @ Mumbai

SEVEN banks have cut their repo-linked lending rates (EBLR) in response to the Reserve Bank of India's 25 basis-point rate cut announced on Friday. Over Monday and Tuesday, Bank of Baroda, Punjab National Bank, Bank of India, Indian Bank, UCO Bank, Karur Vysya Bank, and RBL Bank cut rates in the range of 15-25 bps for their existing customers.

The move will reduce EMIs or the loan's tenure—if one chooses to cut the tenure and not the EMI — on retail and small business loans.

However, the two largest banks in the country—State Bank of India and HDFC Bank —are yet to pass on the rate-cut benefit to customers.

Meanwhile, some lenders raised their marginal cost-based lending rates (MCLR), on which most corporate loans are priced, by 5-10 bps. MCLR is the minimum interest rate below which banks can't lend money to borrowers.

After a gap of five years, RBI last week cut the repo rate—the interest rate at which it lends money to commercial banks—to 6.25% from 6.50%.

When RBI lowers the repo rate, the EBLR-linked loans get re-priced pronto but MCLR-linked loans take two quarters to reflect the change in rates.

About 40% of the banking system's loans are linked to the EBLR, and a similar percentage of loans are linked to the MCLR. While most retail loans are linked to an external benchmark, corporate loans are linked to the MCLR.

PNB reduced its repo-linked lending rate by 25 bps to 9%, Bank of Baroda cut it to 8.9% from 9.15%. Bank of India, Indian Bank, and UCO Bank cut the lending rate by 15-25 bps.

Private lenders RBL Bank and Karur Vysya Bank reduced their repo-linked lending rate by 25% to 11.35%.

HDFC Bank, which is yet to announce EBLR rate cut, has increased its MCLR loan prices by 5 bps to 9.20%.

Prime Minister Narendra Modi with France President Emmanuel Macron and US Vice President J D Vance (R) in Paris | PTI

Let's build global AI framework to enhance trust: PM

Says the new tech is writing code for humanity

JAYANTH JACOB @ New Delhi

PRIME Minister Narendra Modi on Tuesday said artificial intelligence (AI) is writing the code for humanity in this century by transforming politics and society, and sought global cooperation to establish governance that addresses risks and fosters trust.

His call came at a time when the European Union is moving towards a more relaxed AI regulatory approach to remain competitive, following US President Donald Trump's removal of previous safeguards to pave the way for a new technological race.

Modi, who co-chaired the summit with French President Emmanuel Macron in Paris, said India would be happy to host the next edition of the Summit.

"AI is writing the code for humanity in this century... AI is developing at an unprecedented scale and speed. And being adopted and deployed even faster. There is also a deep inter-dependence across borders. Therefore, there is a need for collective global efforts to establish governance and standards, that uphold our shared values, address risks, and build trust," Modi told the gathering of world leaders that inclued US vice president J D Vance and Chinese vice-premier Zhang Guoqing.

"While the positive potential of AI is absolutely amazing, there are many biases that we need to think carefully about," Modi said.

Laying a roadmap of what should entail the governance of AI, Modi called for promoting innovation and deploying it for the global good. "So, we must think deeply and discuss openly about innovation and governance," he said, adding: "Governance is also about ensuring access to all, especially in the Global South. It is where the capacities are most lacking — be it compute power, talent, data, or the financial resource."

Modi emphasised the need to create open-source systems that foster trust, build unbiased data sets, democratise tech, and develop people-centric applications, while also addressing cyber security.

NEW TECH CHANGES JOB TYPES

Stating that loss of jobs is AI's "most feared disruption", Modi said: "But, history has shown that work does not disappear due to technology. Its nature changes and new types of jobs are created. We need to invest in skilling and re-skilling for an AI-driven future."

DIVERGENCE AMONG US, EU & CHINA

Trump's actions show the growing differences in the strategies to regulate AI between the US, China and the EU. So far, the US and UK haven't come around to sign a joint statement on the outcomes of the meeting

We must democratise tech, create people-centric applications and address concerns on cyber security, disinformation etc

Narendra Modi, PM

New, simplified tax Bill to be tabled in LS tomorrow

PREETHA NAIR & DIPAK MONDAL @ New Delhi

Existing I-T Act to be repealed w.e.f. April 1, 2026

After Parliament clears the new bill, it will replace the existing Income Tax Act, which has been in force since 1962. The Act will be repealed effective from April 1, 2026. Tax proceedings for years prior to April 1, 2026 will follow provisions of the 1961 Act. The new bill runs into 600 pages as against 880 pages in the existing one

THE New Income Tax Bill, which will be tabled in Parliament on Thursday, is longer than the existing one with 23 chapters, 536 sections and 16 schedules. The current Income Tax Act has 23 chapters, 298 sections and 14 schedules.

The increase in number of sections reflects a more structured approach to tax administration, incorporating modern compliance mechanisms, digital governance, and streamlined provisions for businesses and individuals.

The bill, a copy of which is in the possession of this paper, proposes a deduction for purchase of electric vehicles, revises donation rules, and updates medical and education related deduction. It proposes stronger regulations for crypto-assets and digital transactions, and a simplified refund process. The bill uses the term 'tax year' instead of 'previous year' to streamline the reporting process.

The bill has simplified legal terms to reduce litigation due to multiple interpretations. According to a chartered accountant who reviewed the bill, the new law is crisp and clear, and it includes past judicial decisions, bringing more clarity. "The new law is longer, but it has given straightjacketed answers to a number of issues," said the CA.

Under the new bill, the Central Board of Direct Taxes and finance ministry get more powers to issue rules, notifications, and exemptions through delegated legislation.

Rajat Mohan, senior partner, AMRG Associates, said businesses expect the bill to deliver a growth-friendly tax regime while ensuring policy stability. "Key demands include rationalised corporate tax rates, structured capital gains taxation, among others," he said.

Chief Minister Siddaramaiah and Defence Minister Rajnath Singh at the launch of the Golbal Investors' Meet in Bengaluru on Tuesday | VINOD KUMAR T

Rise above politics for nation's growth: Rajnath

EXPRESS NEWS SERVICE @ Bengaluru

DEFENCE Minister Rajnath Singh on Tuesday said Karnataka is the best investment destination for entrepreneurs and the Centre will extend all cooperation to the state.

Inaugurating the Global Investors' Meet here, he said the country is deeply rooted in its constitutional values. There is a need for the Union and state governments to rise above politics in the larger interests of the country's progress.

Calling for more investments in Karnataka, Singh asserted that in the era of cooperative federalism, the Union and state governments are working together closely to take the country's economy to new heights.

Citing Bengaluru as a pioneering hub for various industries, including IT and software, he said the city is now a rising centre for Artificial Intelligence (AI).

"CM Siddaramaiah graciously invited me to the event though we belong to different parties and are political opponents. His magnanimous gesture eloquently declares his statesmanship. His invitation shows that in the pursuit of national interests, we stand united unmindful of political differences," Singh said.

"No matter what your investment requirements are, Karnataka provides a good foundation for growth and success. As an investor, you seek world class infrastructure and Karnataka is offering next generation infrastructure. If you require skilled human resources, Karnataka stands out with its highly talented future ready workforce," the Union minister said.

"The profound words of late prime minister Atal Bihari Vajpayee,

'sarkare aayengi jayengi, partiya banengi, bigadengi magar ye desh rahna' is a timeless reminder that above all political differences the unity, integrity and progress of the country must remain the highest priority," he said. **P2**

K'taka unveils new Industrial Policy '24-29

EXPRESS NEWS SERVICE @ Bengaluru

THE state government unveiled its new Industrial Policy 2024-29 during the launch of Global Investors' Meet -- Invest Karnataka 2025 here on Tuesday.

The policy aims at generating 20 lakh jobs by 2029 in the state. Through the policy, the process of granting approvals for investment proposals will be streamlined through digitalisation and a single window system. Special incentives will be given for industries which give importance to women staffers and promote gender inclusivity. Additional incentives will be given to those setting up units in backward and most backward taluks to ensure equitable industrial growth.

Chief Minister Siddaramaiah, Deputy CM DK Shivakumar and Industry Minister MB Patil unveiled the policy.

According to a press release, the policy reaffirms Karnataka's commitment to fostering sustainable, inclusive, and innovation-driven industrial growth. "By introducing investor-friendly initiatives, sustainability incentives, and workforce development programmes, the state aims to strengthen its position as a premier industrial and investment hub in India," it stated. The government expects the annual growth rate of the manufacturing sector at 12 per cent, targeting an investment of Rs 7.5 lakh crore. **P5**

Mob attacks police stn in Mysuru, 9 cops hurt

OFFENSIVE POST

EXPRESS NEWS SERVICE @ Mysuru

TENSION prevailed in Udayagiri on Monday night when a large mob thronged the police station there demanding that action be taken against a man who had shared an offensive post showing I.N.D.I.A bloc leaders in a bad light.

Police resorted to lathicharge and fired tear gas shells to disperse the unruly mob. At least nine police personnel, including an ACP, two inspectors and three constables, were injured and some vehicles were damaged when the mob threw stones at the station.

However, the situation was peaceful on Tuesday and security has been tightened in Udayagiri and surrounding areas of Mysuru. Trouble started after the man shared an offensive post on social media, which had morphed semi-nude images of Congress MP Rahul Gandhi, Samajwadi Party MP Akhilesh Yadav, and AAP leader Arvind Kejriwal wearing skull caps. The images also had some slogans in Arabic.

ADGP Hithendra, who rushed to the city on Tuesday, took the police officers to task for their delayed action against the unruly mob. He sought to know why the accused was taken to Udayagiri station and why police allowed people to assemble there.

It is alleged that the news of police taking the accused into custody after registering a suomotu case was leaked. Immediately, people rushed to the station where an argument between them and police personnel broke out. Soon, some in the crowd started throwing stones at the station and police personnel.

However, the situation took a political turn when Congress leaders started blaming RSS and BJP for the incident. BJP leaders, meanwhile, accused local Congress leaders of inciting trouble. **REPORT: P5**

RAF personnel deployed after the unrest in Udayagiri, Mysuru, on Tuesday | UDAYASHANKAR S

F-35 LIGHTNING II
• Fifth-generation
• Single-seat, single-engine
• All-weather, multi-role
• Stealth aircraft
SHOWSTOPPER
AERO INDIA
1 The Lockheed Martin-made fighter jet vowed spectators at Aero India as it took to skies on Monday
2 F-35s are designed to perform ground attack, aerial reconnaissance, and air defence
3 F-35 pilots wear helmet-mounted display which helps strike a target by simply looking at it
P4

EXPRESS READ

Captain among two killed in J&K IED blast

The two soldiers, Captain Karamjit Singh Bakshi and Naik Mukesh, were on patrolling duty when they were hit by a powerful explosion near a forward post in Bhattal, Jammu, around 3.50 pm. A third soldier is in a hospital and out of danger | **P10**

Prez rule buzz as no consensus on Manipur

PRASANTA MAZUMDAR & PREETHA NAIR @ Guwahati/New Delhi

THE leadership vacuum in Manipur deepened as the BJP failed to find a consensus candidate to succeed caretaker Chief Minister N Biren Singh, sparking speculations that the state may be placed under President's rule.

The party's Northeast incharge, Sambit Patra, met with Governor Ajay Kumar Bhalla Tuesday evening after separate closed-door huddles with BJP MLAs over the past two days.

Earlier in the day, Congress leader Jairam Ramesh had flagged the possibility of Central rule. He said, Article 174 (1) stipulates that there cannot be more than a 6-month gap between the last sitting of an Assembly session and the first sitting of the next Assembly session. And February 11 was the last day for a constitutionally-mandated sitting of the Assembly's session, he said.

Constitutional nuances apart, BJP appears to be divided into two factions: one loyal to Biren Singh and the other comprising MLAs opposed to him.

Cong MLA's son accused of abusing woman official

EXPRESS NEWS SERVICE @ Shivamogga

BHADRAVATHI Congress MLA Sangameshwar's son Basavesh allegedly threatened and verbally abused a woman official from the Department of Mines and Geology when she raided Seegabagi-Baballi area in Bhadravathi taluk, where illegal sand mining is rampant, on Sunday night.

Police have arrested three people in this connection. They have been identified as Ravi, 30, of Mavinakatte in Channagiri taluk of Davangere district, Varun, 34, of Arkalgud in Hassan district, and Ajay, 28, of Surendragowda Camp in Bhadravathi taluk.

A video of the Sunday night's incident has gone viral. After receiving information that sand was being transported illegally on a tractor, geologist of Bhadravathi division KK Jyoti and geologist of Shivamogga division Preeti Doddagoudar along with three staff members rushed to Seegabagi-Baballi, where Basavesh allegedly abused Jyothi in a foul language over the phone.

Jyothi, who lodged a police complaint, told reporters that the accused after abusing her also threatened to run a heavy vehicle over her team members.

Meanwhile, BJP workers staged a protest in front of the tahsildar's office in Bhadravathi demanding that action be taken against Basavesh. **P5**